

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 NEA-10 AID-05
CEA-01 CIAE-00 COME-00 EB-08 FRB-03 INR-07 IO-13
NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 STR-04 XMB-02 OES-06 ITC-01
IGA-02 L-03 /116 W

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INFO ALL OECD CAPITALS

AMEMBASSY ALGIERS

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AMEMBASSY LUSAKA

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PASS EB FOR BOSWORTH AND RYAN, TREASURY FOR H. JUNZ

E.O. 11652: N/A

TAGS: EFIN, EINV, OECD, CIEC

SUBJECT: FINANCIAL AFFAIRS COMMISSION (FAC) G-8

MEETING, APRIL 6, 1977

1. FAC G-8 MET BRIEFLY EVENING OF APRIL 6 WITH NEW G-8 CO-CHAIRMAN (PAYTON, U.K.) PRESIDING. ALL G-8 MEMBERS (WITH EXCEPTION OF EC AND SPAIN) IN ATTENDANCE. EXCHANGE OF VIEWS CONFINED TO FAC ISSUES OTHER THAN THOSE BEING CONSIDERED JOINTLY WITH DEVELOPMENT COMMISSION. PAYTON REVIEWED CONVERSATION HE HAD WITH FAC CO-CHAIRMAN YEGANEH IN GENEVA ON APRIL 4. DESCRIBING YEGANEH AS "REASONABLE", PAYTON SAID THE TWO OF THEM HAD AGREED THAT FURTHER PROGRESS IN FAC WOULD DEPEND ON "IDENTIFYING AND BUILDING UPON COMMON GROUND". PAYTON BELIEVES THE MAJOR ISSUE BEFORE FAC IS PROTECTION OF DC INVESTMENT IN LDC'S, WITH THE PROTECTION OF REAL VALUE OF FINANCIAL ASSETS OF OPEC COUNTRIES (ACCORDING TO YEGANEH) AN ISSUE OF SECONDARY IMPORTANCE.

2. THERE WAS GENERAL AGREEMENT AMONG G-8 MEMBERS THAT NO USEFUL RESULT WAS LIKELY TO COME OUT OF CONTACT GROUPS ON INFLATION AND COOPERATION AMONG LDC'S. HOWEVER, IT WAS ALSO GENERALLY FELT THAT G-8 SHOULD NOT BE IN THE POSITION OF "DEMANDEUR" IN SEEKING TO TERMINATE THESE TWO CONTACT GROUPS AT AN EARLY STAGE.

3. AS TO WORK IN MAJOR FAC CONTACT GROUP, I.E., ON INVESTMENT, ACCESS TO CAPITAL MARKETS, ETC., SWISS DEL INDICATED HIS BELIEF THAT SOME GOOD PROGRESS HAD BEEN MADE AT NOVEMBER SESSION. THE FIRST PART OF EXISTING NEGOTIATING DOCUMENT ALREADY CONTAINS LIMITED OFFICIAL USE

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GENERALLY ACCEPTABLE (TO G-8) LANGUAGE ON "IMPORTANCE OF CAPITAL FLOWS TO LDC'S" AND THE NECESSITY TO FACILITATE THOSE CAPITAL FLOWS THROUGH A STABLE INVESTMENT CLIMATE. THE PRINCIPLES OR ELEMENTS ON HOW THE INVESTMENT CLIMATE COULD BE IMPROVED REMAIN TO BE NEGOTIATED, AND CERTAIN DIFFICULTIES IN THE LANGUAGE REMAIN. SWISS DEL ADMITTED THAT AS TO MORE AMBITIOUS SWISS PROPOSAL FOR AN "INTERNATIONAL UNDERSTANDING ON INVESTMENT", SWISS LAWYERS HAVE TAKEN A CLOSER LOOK AND HAVE DIFFICULTIES WITH THE LANGUAGE, ESPECIALLY WITH RESPECT TO CONFLICTS WITH ALREADY EXISTING BILATERAL TREATIES ON INVESTMENT PROTECTION (ET. AL.), AND WITH RESPECT TO SOME BASIC PRINCIPLES OF INTERNATIONAL LAW. PRESSING FOR SUCH AN AGREEMENT AT THIS TIME MIGHT BE TOO MUCH. SOME OTHER DELS (INCLUDING U.S. AND SWEDEN) CONCURRED WITH THIS VIEW. U.S. AND SWISS DELS ALSO URGED EC (THROUGH PAYTON) TO RE-EXAMINE THE QUESTION OF LDC ACCESS TO CAPITAL MARKETS TO SEE WHAT FORWARD MOVEMENT MIGHT BE POSSIBLE IN THIS AREA.

4. G-8 MEMBERS AGREED TO LOOK AGAIN CAREFULLY AT
INVESTMENT ISSUE TO SEE WHAT FURTHER PROGRESS COULD BE
MADE, BEARING IN MIND LEGAL QUESTIONS. FAC G-8 WILL
MEET AGAIN AT 9 A.M. APRIL 25.
TURNER

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Message Attributes

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